

Message Text

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63

ACTION EUR-10

INFO OCT-01 ISO-00 OPIC-02 DRC-01 FEA-01 AGR-03 CEA-01

CIAE-00 COME-00 DODE-00 EB-03 FRB-01 H-01 INR-10

INT-01 L-02 LAB-01 NSAE-00 NSC-07 PA-01 RSC-01 AID-05

CIEP-01 SS-14 STR-01 TAR-01 TRSE-00 USIA-04 PRS-01

SP-02 OMB-01 SWF-01 /078 W
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R 081544Z OCT 74

FM AMEMBASSY ROME

TO SECSTATE WASHDC 7349

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: EAGR, ETRD, EEC, IT

SUBJECT: GOI VIEW OF CAP REVIEW

PASS AGRICULTURE

1. EMBOFF DISCUSSED OCTOBER 2 MINISTERIAL ON OCTOBER 4 WITH
MINISTRY FOREIGN AFFAIRS (MFA) REP. CALAMI (DIRECTOR, EC-GATT
AFFAIRS). HE INDICATED GOI SATISFIED WITH OUTCOME OF MEETING
BOTH BECAUSE IF RESOLVED (AT LEAST FOR TIME BEING) POLITICAL
CRISIS STEMMING FROM FRG "VETO" AND BECAUSE IT WOULD PROVIDE
OPPORTUNITY FROM SERIOUS REVIEW OF CAP. HE EXPECTED, HOWEVER, IT
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WOULD BE SOME TIME BEFORE COMMISSION CAN PREPARE NECESSARY

DOCUMENTATION. CALAMIA SAID MOST IMPORTANT RESULT OF MEETING WAS WILLINGNESS OF ALL MEMBER GOVERNMENTS TO PROCEED WITH SERIOUS REVIEW OF CAP.

2. CALAMIA STATED GOI WOULD HAVE NO FIXED STRATEGY FOR CAP REVIEW BUT DOES HAVE CERTAIN GUIDING PRINCIPLES FIRMLY IN MIND. GOI'S GENERAL OBJECTIVES WILL BE TO REDUCE BUDGETARY COSTS OF CAP, TO INCREASE BENEFITS TO EC CONSUMERS, AND TO IMPROVE THE INCOME OF LESS FAVORED FARMERS. HE EMPHASIZED THAT REGIONAL POLICY AND AGRICULTURAL STRUCTURE POLICY, AS WELL AS CAP PRICE LEVELS, WILL BE SIGNIFICANT FOR GOI.

3. CALAMIA NOTED IRONY OF CAP WHICH FORCES ITALY IMPORT BEEF FROM OTHER EC MEMBERS AT HIGHER THAN WORLD MARKET PRICES AND SUGAR FROM WORLD MARKET AT HIGHER THAN EC PRICES. A REVISED CAP SHOULD BE MORE SENSITIVE TO BALANCE OF PAYMENTS ASPECTS OF AGRICULTURAL POLICY.

4. COMMENT: GOI WILL WANT TO SEE HOW EC REGIONAL FUND ISSUE IS RESOLVED BEFORE ADOPTING STRATEGY/TACTICS FOR CAP REVIEW AND WILL PLACE HIGHER PRIORITY ON STRUCTURAL PROBLEMS IN AGRICULTURAL SECTOR, ALTHOUGH ITALY AS YET UNABLE TO SOLVE INTERNAL POLITICAL SQUABBLES OVER APPROPRIATION OF FUNDS ALREADY AVAILABLE FOR THESE REFORMS. FOR GOI, OBJECTIVE IN CEREALS IN SUGAR SECTOR WILL BE TO SECURE IMPORTS AT LOWEST POSSIBLE PRICE; BEEF AND DAIRY PRODUCTS, PRODUCER AIDS WHICH OFFSET HIGHER COST OF PRODUCTION IN ITALY; WINE AND FRUITS/VEGETABLES, FIND MEANS TO OFFSET ADVERSE EFFECTS ON ITALY OF CONCESSIONS TO MEDITERRANEAN COUNTRIES (WHICH ARE RECOGNIZED AS NECESSARY FOR POLITICAL REASONS). AS HAS BEEN TRUE IN PAST, WE WOULD NOT EXPECT ITALY ASSUME ACTIVE LEADERSHIP ROLE IN CAP REVIEW. BEAUDRY

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Disposition Remarks:
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